

**Annual Report
for the year ended
31st March 2002**



VASUNDHARA RASAYANS LIMITED

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VASUNDHARA RASAYANS LIMITED

BOARD OF DIRECTORS

Mr. M.P.AGRAWALL

MANAGING DIRECTOR

Mr. BIMAL KUMAR KEDIA

Mrs. RENU AGRAWALL

Dr. J.K.LALLA

Mr. SANJAY AGRAWALL

Mr. D.Y. SATHAYE

Mr. K.C.GUPTA

BANKERS

STATE BANK OF INDIA

AUDITORS

M/s. Agarwal Gupta Nokari &
Rustagi Associates
12, Waterloo Street
Calcutta - 700 069

REGISTERED OFFICE

612/613, Swapnalok Complex
92/93, S D ROAD
Secunderabad - 500 003

FACTORY

C-104, MIDC Industrial Area
Mahad, (Dist. Raigad)
MAHARASHTRA.

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registrar Pvt.Limited
260, Shanthi Industrial Estate,
Sarojini Naidu Road, Mulund West,
MUMBAI - 400 080.

VASUNDHARA RASAYANS LIMITED**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of the Members of VASUNDHARA RASAYANS LIMITED will be held at the Lions Bhavan, 1-8-179, Lakshpat Building, Bellur, IC, Near Paradise Circle, Secunderabad - 500 003 on Monday, the 30th September, 2002 at 11.00 A.M. to transact the following business :

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. J.K. Lalla who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. D.Y. Sathaye, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors to hold the Office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

AS SPECIAL BUSINESS :

To consider and if thought fit to pass with or without modification, the following resolutions as Ordinary Resolutions.

5. REAPPOINTMENT OF MANAGING DIRECTOR :

"RESOLVED that in accordance with the provisions of Articles of Association of the Company and Provisions of Section 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956, the Company does hereby accord its approval for the re-appointment of Shri Mahabir Prasad Agrawal as Managing Director of the Company for a term of 5 years with effect from 01-02-2002 to 31-01-2007 on the payment of remuneration and perquisites and giving benefits and amenities as set out hereinafter and that the Board of Directors be and is hereby empowered to make any variations in the aforesaid terms as may be deemed necessary and agreed to by the said Managing Director. So however that the remuneration so varied shall be within the ceilings laid down in Schedule XIII of the Companies Act, 1956."

(i) SALARY :

Salary of Rs.10,000/- (Rupees Ten thousand only) per month with effect from 1st February, 2002.

(ii) PERQUISITES :

- a) Medical benefits for Self and family reimbursement of expenses actually incurred, the total cost of which shall not exceed one months' salary in a year or three months' salary in a block of three years.
- b) Leave Travel Concession for self and family once in a year in accordance with the rules & regulations of the Company.
- c) Club Fee: Fee of club subject to a maximum of 2 clubs. This will not include admission and life membership fee.
- d) Personal Accident Insurance: Premium not exceeding Rs.1000/- P.A.
- e) Car & Telephone: Personal long distance calls and use of car for private purposes shall be recovered from the Managing Director.
- f) Other : Contribution to the Provident Fund, super annuation fund or Annuity fund subject to maximum ceiling to the extent of these either single or together are not taxable under Income Tax Act.
Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs.3.50 Lacs.

6. INCREASE IN REMUNERATION OF SHRI SANJAY AGARWAL, TECHNICAL DIRECTOR OF THE COMPANY.

"RESOLVED that in accordance with the provisions of Articles of Association of the Company and Provisions of Section 198, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company does hereby accord its approval to increase remuneration payable to Shri Sanjay Agarwal as Technical Director of the Company as mentioned here below and further that the Board of Directors be and is hereby empowered to make any variations in the aforesaid terms as may be deemed necessary and agreed to by the said Managing Director. So however that the remuneration so varied shall be within the ceilings laid down in Schedule XIII of the Companies Act, 1956."

(i) SALARY :

Salary of Rs. 30,000/- (Rupees Thirty thousand only) per month with effect from 1st October, 2001.

VASUNDHARA RASAYANS LIMITED**(ii) PERQUISITES :**

- a) Unfurnished residential accommodation for which the Company will pay a monthly rent of Rs.6,500/- with effect from 01-10-2001.
- b) Medical benefits for Self and family reimbursement of expenses actually incurred, the total cost of which shall not exceed one months' salary in a year or three months' salary in a block of three years.
- c) Leave Travel Concession for self and family once in a year in accordance with the rules & regulations of the Company.
- d) Club Fee: Fee of club subject to a maximum of 2 clubs. This will not include admission and life membership fee.
- e) Personal Accident Insurance: Premium not exceeding Rs.1000/- P.A.
- f) Car & Telephone: Personal long distance calls and use of car for private purposes shall be recovered from the Director.
- g) Others : Contribution to the Provident Fund, Super Annuation Fund or Annuity Fund subject to maximum ceiling to the extent of these either single or together are not taxable under Income Tax Act.
Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs.3.50 Lacs.

To consider and if thought fit to pass with or without modification, the following resolution as Special Resolution.

7. PAYMENT OF REMUNERATION TO A RELATIVE OF THE DIRECTOR OF THE COMPANY.

"Resolved that pursuant to the provisions of Section 314 of the Companies Act, 1956 and other applicable provisions if any, the consent of the shareholders be and is hereby accorded to the payment of remuneration to Smt. Mamta Agarwal, Manager Administration of the Company with effect from 01-10-2001 as mentioned hereunder :

(i) SALARY :

Salary of Rs.18,000/- (Rupees Eighteen thousand only) per month with effect from 1st October, 2001.

(ii) PERQUISITES :

She may be provided unfurnished accommodation at the company's cost with effect from 01-10-2001 and the same will be valued as perks under the provision of Income Tax Act.

(iii) OTHERS :

- a) Contribution to the Provident Fund, Super Annuation Fund or Annuity Fund subject to maximum ceiling to the extent of these either single or together are not taxable under Income Tax Act.
- b) Gratuity payable shall not exceed half a month's salary for each completed year of service subject to a ceiling of Rs.3.50 Lacs.

Date : 14-08-2002

REGISTERED OFFICE

612/613, Swapnalok Complex
92/93, S.D. Road
Secunderabad - 500 003.
Andhra Pradesh.

**BY ORDER OF THE
BOARD OF DIRECTORS**

**(M.P. AGRAWALL)
MANAGING DIRECTOR**

NOTE :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote instead of himself and a proxy need not be a member of the Company. The proxies in order to be effective must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
2. The register of members and share transfer book of the Company will remain closed from 24th September 2002 to 30th September, 2002 (both days inclusive).
3. Members are requested to:
 - i) Intimate change, if any, in their registered addresses at an early date.
 - ii) Quote Investor Registration No./Counter Receipt No./Regd.Folio No. in all their correspondence.
 - iii) Bring their copies of the Annual Reports and the Attendance Slips with them at the Annual General Meeting.

VASUNDHARA RASAYANS LIMITED**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT****ITEM NO.5 :**

The term of appointment of Shri Mahabir Prasad Agrawal as Managing Director was expired on 31-01-2002. Subsequently the Board has reappointed him as Managing Director of the Company under the applicable provision of the Companies Act, 1956 for a period of 5 years with effect from 01-02-2002. Now under Section 269 and 309 of the Companies Act, 1956, the Board is approaching the Shareholders to accord their consent to the appointment of the Managing Director and remuneration payable to him, which is in accordance with the Schedule XIII of the Companies Act, 1956.

The terms of remuneration as set out in the Resolution may be recorded as an abstract and Memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

None of the Directors except Shri Mahabir Prasad Agrawal is interested in the resolution.

ITEM NO.6 :

The Board of Directors has decided in its meeting held on 01.10.2001 to increase remuneration payable to Shri Sanjay Agarwal, Technical Director of the Company as set out in the resolution subject to the approval of the shareholders as required under the provisions of Section 198,309 and 310 and other applicable provisions, if any, of the Companies Act, 1956. Therefore, the Board is approaching the shareholders for their approval to the resolution.

The terms of remuneration as set out in the Resolution may be recorded as an abstract and Memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

None of the Directors except Shri Sanjay Agarwal is interested in the resolution.

ITEM NO.7 :

Smt Mamata Agarwal, wife of Shri Sanjay Agarwal, Technical Director of the Company was appointed as Manager - Administration with effect from 01-10-2001 on remuneration and other terms and conditions as stated in the resolution subject to the approval of the shareholders as required under the provisions of the section 314 of the Companies Act, 1956 and other applicable provisions if any. The Board of Directors is therefore approaching the shareholders for their required approval.

The terms of remuneration as set out in the Resolution may be recorded as an abstract and Memorandum of concern or interest for the purpose of Section 302 of the Companies Act, 1956.

Shri Sanjay Agarwal, Director of the Company is interested in the resolution.

for & on behalf of Board of Directors

Place : Secunderabad

Date : 14-08-2002

M.P. AGRAWALL

MANAGING DIRECTOR

VASUNDHARA RASAYANS LIMITED**DIRECTOR'S REPORT**

Your Directors have pleasure in presenting the Fifteenth Annual Report and Audited Accounts of your Company for the year ended 31st March, 2002.

1. YOUR COMPANY'S SUMMARISED FINANCIAL RESULTS ARE AS UNDER :

	(Rupees in thousands)	
	CURRENT YEAR ENDED 31.03.2002	PREVIOUS YEAR ENDED 31.3.2001
Turnover	62204	52390
Other Income	2436	3613
Gross Profit/(Loss) before interest, depreciation & taxation	11075	7919
Interest	2102	1963
Profit/(Loss) before depreciation & taxation	8975	5956
Depreciation	3305	2136
Profit/(Loss) before Taxation	5670	3820
Provision for Taxation (Including Provision for Deferred Tax Previous Year -Nil)	1934	300
Net Profit/(Loss) after Taxation	3736	3520

1. OPERATIONS

The Manufacturing Sales and other income was Rs. 646.40 lacs for the financial year under review as compared to Rs.560.04 lacs in the immediately preceeding previous year registering an increase of 15.42%. The Company has fared extraordinarily well on export front recording export turnover of Rs.126.16 lacs compared to previous year export sale of Rs.52.32 lacs, thus registering substantial growth of 141%. The profit after tax has however increased marginally from Rs.35.20 lacs in the previous year to Rs.37.36 lacs in the year under review on account of the provision for Deferred Tax which has become mandatory by virtue of AS 23 issued by ICAI. Your Directors are pleased to report that the Company has wiped out its accumulated losses and also transferred balance of profit amounting to Rs.16.90 lacs to its Reserve & Surplus.

2. DIVIDEND

In view of conserving the resource of the Company, your Directors do not recommend any Dividend for the year under review.

3. CAPITAL EXPENDITURE

The Company has embarked on a programme of diversification and expansion and to make its manufacturing facilities to adhere to Good Manufacturing Practices. During the year ended 31-03-2002, the Company has added Rs.96.62 lacs to its Gross Fixed Assets (including Rs.26.66 lacs transferred from previous year capital WIP). The Company is in process of raising resources through Term Loan to complete its expansion programme.

VASUNDHARA RASAYANS LIMITED

4. DIRECTORS

Mr. D. Y. Sathaye and Dr. J. K. Lalla retire by rotation and being eligible, offer themselves for re-appointment.

5. MANAGING DIRECTOR

The term of Shri Mahabir Prasad Agrawal as Managing Director expired on 31-01-2002. Subsequently he was reappointed as Managing Director by the Board on 01-02-2002 for a term of 5 years from 01-02-2002 to 31-01-2007. The reappointment and remuneration payable to the Managing Director requires approval of the shareholders at the Annual General Meeting. Accordingly the share holders' approval for the same is being sought at the ensuing Annual General Meeting.

6. AUDITORS

M/s Agarwal Gupta Nokari & Rustagi Associates, Chartered Accountants, your Company's Auditors retire at the conclusion of this Annual General Meeting and are eligible for reappointment. Your Directors recommend M/s Agarwal Gupta Nokari & Rustagi Associates, Chartered Accountants for appointment as your Company's Statutory Auditors from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

7. DEPOSITS

During the year under review, your Company has not accepted any deposits.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO

Additional information on conservation of Energy, Technology absorption and foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is set out in Annexure and forms part of this report.

9. LISTING ARRANGEMENTS

The Company has complied with all the formalities to get its Equity Shares listed at Pune Stock Exchange in addition to existing listing at OTC Exchange of India Ltd.

10. PARTICULARS OF EMPLOYEES

None of the employees is drawing remuneration in excess of the ceiling laid down under the provision of Section 217 (2) (A) of the Companies Act, 1956 as amended read with the Companies (particulars of Employees) Rules, 1975.

11. DIRECTORS RESPONSIBILITY STATEMENT

In compliance of recently introduced Section 217 (2AA) in the Companies Act, 1956, your Directors state that :

- i) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii) That the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the Profit of the Company for the year ended on that date;
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Annual Accounts have been prepared on a going concern basis.

12. CORPORATE GOVERNANCE

The recommendations contained in the report of Shri Kumaramangalam Birla Committee on Corporate Governance as incorporated in the Listing Agreement with the Stock Exchanges will have to be complied with by your Company within the Financial year 2002-2003, but not later than 31st March, 2003. The Company is in the process of complying with the necessary formalities in this regard.

13. DEMAT OF EQUITY SHARES OF THE COMPANY

As per the SEBI norms for compulsory Demat, the Company has made the required arrangements in this connection. The Company has appointed M/s. Intime Spectrum Registry Private Ltd., Mumbai as its Registrar for Demat of Shares. The shareholders having physical shares or CRs in their names are requested to submit the CRs/Physical Share Certificates for demat at the following address :

Intime Spectrum Registrar Pvt. Ltd.
260, Shanthi Industrial Estate
Sarojini Naidu Road, Mulund (West)
MUMBAI - 400 080.

14. ACKNOWLEDGMENTS

The Directors wish to place on record their sincere thanks and gratitude to the State Bank of India for their continued assistance and co-operation, and the customers for their continued support and patronage.

For and on behalf of Board of Directors

M.P. AGRAWALL

MANAGING DIRECTOR

Place : Secunderabad

Date : 26-06-2002

ANNEXURE TO THE DIRECTOR'S REPORT

Information under Section 217(i)(e) of Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of Director's Report for the year ended 31st March, 2002.

A. CONSERVATION OF ENERGY

The basic engineering design of the Plant is based on optimum consumption and provision has been made to conserve energy to the maximum possible extent which would reduce the liability on energy bills.

B. TECHNOLOGY ABSORPTION**i) RESEARCH AND DEVELOPMENT**

1. Specific areas in which R&D carried out by the Company.

Improvement and upgradation in quality, productivity and process efficiency, Development of new applications for utilisation of our products and development of new products.

2. Benefits derived as a result of the above R&D.

Improvement in quality of products, production efficiency and wider application of products manufactured by the Company.

3. R & D Expenditure :

a) Capital	:	NIL
b) Recurring expenditure	:	Rs.70,000/-

4. Future plan of action :

Improvement in quality of products and process, production efficiency, better product mix, reduction in power and fuel consumption and wider application of the products manufactured by the Company.

ii) TECHNOLOGY ABSORPTION, ADAPTATION AND INTIMATION

For the Company's existing product line there is no technical collaboration.

C. FOREIGN EXCHANGE EARNINGS AND OUT GO

Outgo : Rs.7,32,270/-	Earnings : Rs.1,26,15,900/-
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VASUNDHARA RASAYANS LIMITED

AUDITORS' REPORT

THE MEMBERS OF VASUNDHARA RASAYANS LIMITED

1. We have audited the attached Balance Sheet of **VASUNDHARA RASAYANS LIMITED** as at 31st March, 2002 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with our auditing standing generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with this report comply with Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - v) On the basis of written representations received from the Directors, as on 31st March, 2002 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2002 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2002; and
 - b) In the case of Profit and Loss Account, of the Profit for the year ended on that date.

For **AGARWAL GUPTA NOKARI &
RUSTAGI ASSOCIATES**
Chartered Accountants

12, Waterloo Street
Calcutta - 700 069.

(S.K. RUSTAGI)
Partner

Dated, this 28th day of June, 2002.

ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in Paragraph 3 of the report of even date on the Accounts for the year ended 31st March, 2002 of VASUNDHARA RASAYANS LIMITED.

1. The Company has maintained the proper records to show the full particulars including the quantitative details and situation of fixed assets. The assets have been physically verified by the management at reasonable intervals, according to the size of the Company and the nature of the business. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The Stock of finished goods, stores, spare parts, components and raw materials have been physically verified by the Management at reasonable intervals during the year.
4. In our opinion and according to the information and explanations given to us, the procedure followed by the management for physical verification of stocks are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on physical verification of Stocks as compared to book of records were not material and have properly dealt with in the books of accounts.
6. *On the basis of our examination of stock records, in our opinion the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.*
7. In our opinion the rate of interest and other terms and conditions on which unsecured/secured loans have been taken from the Companies, Firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company.
8. In our opinion the rate of interest and other terms and conditions on which unsecured loans have been granted to Companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima-facie prejudicial to the interest of the Company.
9. In respect of interest free loans and other advances given to the employees and other parties in the nature of loan the parties are generally repaying the principal amounts as stipulated and have also been regular in the payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures as commensurate with the size of the Company and the nature of its business with regard to purchase of Raw Materials, Stores including Components, Plant & Machinery, Equipment and other assets and with regard to sale of finished goods are adequate.
11. In our opinion and according to the information and explanation given to us, the purchase of goods and materials or sale of goods, materials and service made in pursuance of contracts or agreements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the period to Rs. 50,000/- or more in respect